

**ORIGINAL**

**BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001**

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

**SPECIAL SERVICES FEES  
AND CLASSIFICATIONS**

**Docket No. MC96-3**

**RESPONSE OF MAJOR MAILERS ASSOCIATION  
WITNESS RICHARD BENTLEY TO REQUEST FOR PRODUCTION OF DOCUMENTS  
AND INTERROGATORIES OF UNITED STATES POSTAL SERVICE  
(USPS/MMA-T1-54-56)**

The Major Mailers Association hereby provides responses of witness Richard Bentley to the following interrogatories of the United States Postal Service: USPS/MMA-T1-54 through 56, filed on December 17, 1996.

Each interrogatory is stated verbatim and is followed by the response

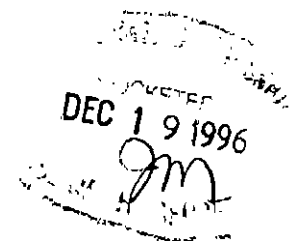
Respectfully submitted,

MAJOR MAILERS ASSOCIATION



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December 19, 1996



**MMA WITNESS: RICHARD BENTLEY**  
**USPS**

**USPS/MMA-T1-54.**

Please refer to your response to USPS/MMA-T1-44. Please provide a responsive answer to subparts (b) through (d). As stated in the original interrogatory, the quotation in subpart (d) contained an incomplete last sentence. For your convenience in answering, subparts (b) through (d) of USPS/MMA-T1-44 are reproduced below as subparts (a) through (c), respectively, with the complete, corrected sentence at the end of the former subpart (d), now subpart (c), of this interrogatory.

- a. If your Docket No. R94-1 analysis was not prepared until November 18, 1996, then please explain in detail why Major Mailers Association stated in its September 24, 1996 Motion for Limited Extension of Time to File Testimony and Request for Shortened Answering Period, that the data from PRC-LR-1 and 2 "effectively supersede the data MMA used in its original prepared testimony. Now that these new data are available, it makes no sense to have MMA submit its testimony as originally prepared."

**RESPONSE**

My original analysis, which was provided to you in response to interrogatory USPS/MMA-T1-44(e), was completed well before September 25, 1996. This analysis compared the costs which would result for the Docket No. R94-1 test year under the Commission's established methodology and under the Postal Service's methodology. The rates reflected in those costs were the USPS proposed rates in Docket No. R94-1.

At the time when this analysis was completed, the two data sources utilized in this analysis provided the most recent cost information available that reflected the same set of rates under each of the cost methodologies.

When the Commission filed library references PRC-LR-1 and 2 in this case, the new data represented more recent data in which the costs from each of the two methodologies reflected the same set of rates. Therefore, the more recent data which became the basis for MMA-LR-1 "effectively supersede[d]" that data that I used in my original analysis.

**MMA WITNESS: RICHARD BENTLEY**  
**USPS**

**USPS/MMA-T1-54.**

Please refer to your response to USPS/MMA-T1-44. Please provide a responsive answer to subparts (b) through (d). As stated in the original interrogatory, the quotation in subpart (d) contained an incomplete last sentence. For your convenience in answering, subparts (b) through (d) of USPS/MMA-T1-44 are reproduced below as subparts (a) through (c), respectively, with the complete, corrected sentence at the end of the former subpart (d), now subpart (c), of this interrogatory.

- b. If your Docket No. R94-1 analysis was not prepared until November 18, 1996, then please explain in detail why you testified: "Yes. I was basically finished with my analysis and when this updated information came on, I felt I would have been embarrassed to file my testimony by ignoring it, so I wanted to incorporate it....Once the new data came out, I saw no need to put in the older data." Tr 6/2044-45.

**RESPONSE**

Please see my answer to interrogatory USPS/MMA-T1-54(a).

**MMA WITNESS: RICHARD BENTLEY**  
**USPS**

**USPS/MMA-T1-54.**

Please refer to your response to USPS/MMA-T1-44. Please provide a responsive answer to subparts (b) through (d). As stated in the original interrogatory, the quotation in subpart (d) contained an incomplete last sentence. For your convenience in answering, subparts (b) through (d) of USPS/MMA-T1-44 are reproduced below as subparts (a) through (c), respectively, with the complete, corrected sentence at the end of the former subpart (d), now subpart (c), of this interrogatory.

- c. If your Docket No. R94-1 analysis was not prepared until November 18, 1996, then please explain in detail why Major Mailers Association stated in its November 25, 1996 Response to United States Postal Service's "Supplemental Comments" to Motion to Strike MMA Witness Bentley's "New Analysis": "This conclusion was contained in the draft of his testimony that Mr. Bentley prepared before the Commission issued PRC-LR-1 and LR-2. At that time, Mr. Bentley illustrated his conclusion with data from Docket No. R94-1 (*Id.* at 6:2042). After the Commission issued PRC-LR-1 and LR-2 data for the R94-1 data."

**RESPONSE**

In MMA's motion, the reference to Docket No. R94-1 data refers to the Commission's cost presentation that *reflected the Postal Service's proposed rates* in that proceeding. This is not to be confused with the Docket No. R94-1 data used in my analysis that was prepared on November 18, 1996. This analysis utilized the Commission costs that reflected the *Commission's recommended rates*.

If this explanation fails to eliminate all of the Service's confusion regarding the two analyses, please accept MMA counsel's repeated offer to set up a telephone conference during which I will answer any further questions.

**MMA WITNESS: RICHARD BENTLEY**  
**USPS**

**USPS/MMA-T1-55.**

Please refer to your response to USPS/MMA-T1-44(e), and the attachment.

- a. Please confirm that the column 2 figures used in your attachment, page 2 of 2, are from Exhibit USPS/MMA-1G from Docket No. R94-1. If you do not confirm, please explain in detail

**RESPONSE**

Confirmed. A copy of Exhibit MMA-1G is attached for your convenience with the source numbers circled.

APPROXIMATION OF 1996 TEST YEAR AFTER RATES FINANCES  
USING PRC R90-1 COST ATTRIBUTIONS  
(Dollars in Thousands)

20-Jun-94  
02:38 PM

Line No.	Description	Attributable Costs	Revenues	Percent of Costs (Col 2/Col 1)	Contribution To Other Cost (Col 2 - Col 1)	Mark-up Indices
		(1)	(2)	(3)	(4)	(5)
1	First-Class Mail					
2	Single Letters	13,842,383	21,870,410	158.85%	8,028,047	
3	Presort Letters	4,545,091	10,117,829	222.61%	5,572,738	
4	Total Letters	18,187,464	31,788,238	174.78%	13,600,784	1.361
5	Postal Cards	44,846	114,856	256.54%	69,909	
6	Private Postcards	470,216	637,000	114.20%	66,784	
7	Presort Postcards	123,576	249,028	201.62%	125,453	
8	Total Cards	638,737	900,883	141.04%	262,146	0.747
9	Total	18,826,191	32,689,121	173.64%	13,862,930	
10	Priority Mail	1,346,863	2,798,970	207.81%	1,452,087	1.063
11	Express Mail	657,173	666,476	123.67%	131,302	0.429
12	Mailgrams	8,483	8,483	100.00%	0	0.000
13	Second-Class Mail					
14	In County	79,204	76,311	96.35%	(2,893)	(0.066)
15	Outside County					
16	Nonprofit	349,765	352,960	100.91%	3,195	0.017
17	Classroom	14,011	14,279	101.92%	268	0.035
18	Regular-Rate	1,394,766	1,559,308	111.80%	164,542	0.215
19	Total	1,837,746	2,002,869	108.98%	165,113	
20	Third-Class Mail					
21	Single Piece	255,302	256,516	100.48%	1,214	0.009
22	Bulk Rate Regular Carrier Route	2,306,631	4,327,183	187.60%	2,020,552	
23	Bulk Rate Regular Other	4,545,991	5,411,829	118.60%	864,838	
24	Total Bulk Rate Regular	6,873,622	9,739,013	141.69%	2,865,391	0.759
25	Bulk Rate Nonprofit Carrier Route	179,638	262,081	145.89%	82,443	
26	Bulk Rate Nonprofit Other	1,159,854	1,133,277	97.73%	(26,377)	
27	Total Bulk Rate Nonprofit	1,339,292	1,395,358	104.19%	56,066	0.076
28	Total	8,468,216	11,390,847	134.51%	2,922,671	
29	Fourth-Class Mail					
30	Parcel Post	659,008	667,244	101.25%	8,236	0.023
31	Bound Printed Matter	284,768	368,248	129.32%	83,480	0.534
32	Special Rate	319,000	319,111	100.03%	111	0.001
33	Library Rate	42,121	41,919	99.52%	(202)	(0.009)
34	Total	1,304,895	1,396,523	107.02%	91,628	
35	Free-for-the-Blind, etc.	29,849	0	0.00%	(29,849)	
36	International Mail	1,372,749	1,670,698	121.70%	297,849	0.395
37	Special Services					
38	Registry	79,379	114,828	144.66%	35,449	
39	Certified	308,139	628,248	170.78%	218,109	
40	Insurance	34,741	83,228	183.21%	18,487	
41	COD	24,029	24,608	101.99%	479	
42	Special Delivery	1,047	1,666	168.07%	608	
43	Money Orders	182,848	213,870	110.90%	21,022	
44	Stamped Envelopes	13,710	23,959	174.76%	10,249	
45	Special Handling	2,616			(2,616)	
46	Post Office Boxes	488,067	554,607	113.64%	66,540	
47	Other		20,833			
48	Total	1,144,463	1,633,737	134.01%	389,274	0.819
49	Other Costs	222,162			(222,162)	
50	Other Income		228,420		228,420	
51	Attributable Costs and Revenues	36,118,800	64,408,073	164.83%	18,289,273	1.000
52	Total Other Costs	18,629,076			(18,629,076)	
53	Prior Years Loss Recovery	936,226			(936,226)	
54	Continuing Appropriations		108,430		108,430	
55	Investment Income		42,010		42,010	
56	GRAND TOTAL	64,684,101	64,668,613		(26,688)	

**MMA WITNESS: RICHARD BENTLEY  
USPS**

**USPS/MMA-T1-55.**

Please refer to your response to USPS/MMA-T1-44(e), and the attachment.

- b. Please confirm that the attributable costs contained in Exhibit MMA-1G from Docket No. R94-1 represent an approximation of test year after rates finances using the Commission's R90-1 cost attributions. If you do not confirm, please explain in detail.

**RESPONSE**

It is my understanding that the attributable costs contained in Exhibit MMA-1G from Docket No. R94-1 represent an approximation of the test year finances at the USPS proposed rates using the then Commission-approved cost methodology. To the best of my recollection, the Commission represented that methodology to be the same as that used in Docket No. R90-1. As discussed in my answer to your interrogatory USPS/MMA-14(a), "the cost methodologies provided by the Commission since Docket No. R90-1 have consistently used the single subclass cost analysis as a basis to attribute city delivery carrier costs. The currently approved methodology incorporates that cost analysis, including all the refinements that have been made since."

**MMA WITNESS: RICHARD BENTLEY**  
**USPS**

**USPS/MMA-T1-55.**

Please refer to your response to USPS/MMA-T1-44(e), and the attachment.

- c. In preparing this analysis for your testimony as originally planned, why did you use the attributable cost figures from Exhibit MMA-1G from Docket No. R94-1 rather than the attributable costs from the Commission's initial Recommended Decision in Docket No. R94-1? Please explain in detail.

**RESPONSE**

When I started examining data to be incorporated into my direct testimony I considered several sources of Docket No. R94-1 data. At that time it seemed rather obvious to me that when comparing finances using the Postal Service and Commission methodologies, it would be most advantageous to reflect the same rates and volumes. Otherwise I could be subjected to criticism that the costs from each of the two methodologies were not directly comparable. Therefore, I chose to use the latest cost information available that reflected the same set of rates. I still hold to that conclusion.

The costs from the Commission's Initial Recommended Decision in Docket No. R94-1 reflected a different set of rates for which there was no Postal Service cost presentation.



**MMA WITNESS: RICHARD BENTLEY**  
**USPS**

**USPS/MMA-T1-55.**

Please refer to your response to USPS/MMA-T1-44(e), and the attachment.

- d. In preparing this analysis for your testimony as originally planned, why did you use the attributable cost figures from Exhibit MMA-1G from Docket No. R94-1 rather than the attributable costs from the Commission's Further Recommended Decision in Docket No. R94-1? Please explain in detail.

**RESPONSE**

Please see my answer to USPS/MMA-54(c). The costs from the Commission's Further Recommended Decision in Docket No. R94-1 reflected a different set of rates for which there was no Postal Service cost presentation

**MMA WITNESS: RICHARD BENTLEY**  
**USPS**

**USPS/MMA-T1-56.**

Please refer to your responses to MMA/USPS-T1-42 and 43. Sheets 4 and 5 of MMAUSPS.XLS already provide the information contained in MMA11.XLS and MMA12.XLS.

- a. What was the purpose of referring to MMA11.XLS and MMA12.XLS in the cells of MMAUSPS.XLS? Please explain in detail.

**RESPONSE**

File MMA11.XLS originally included two sheets that were provided to you in response to interrogatory USPS/MMA-T1-42. Both sheets were "linked" since sheet1 used data that came from sheet2.

Similarly, file MMA12.XLS originally included three sheets that were provided in response to interrogatory USPS/MMA-T1-43. Sheet1 and sheet2 were "linked" in the same manner as file MMA11.XLS.

In response to USPS/MMA-T1-27 I was asked to provide a diskette containing all five sheets. In order to provide them in one file I copied all five sheets to a new file and called it MMAUSPS.XLS. In doing so, I did not alter the "linkage". Therefore, the file sent to the Postal Service maintained the same linkages between sheet1 and sheet2 in files MMA11.XLS and MMA12.XLS.

In my opinion, the computations are so simple and so well documented that the Postal Service should not have had any problem following the computations provided in those analyses.

**MMA WITNESS: RICHARD BENTLEY  
USPS**

**USPS/MMA-T1-56.**

Please refer to your responses to MMA/USPS-T1-42 and 43. Sheets 4 and 5 of MMAUSPS.XLS already provide the information contained in MMA11.XLS and MMA12.XLS.

- b. Which spreadsheets were prepared first--MMAUSPS.XLS, MMA11.XLS, and MMA12.XLS? Please list the order in which these three spreadsheets were prepared and specify the date of preparation of each.

**RESPONSE**

Please refer to my answer to USPS/MMA-T1-56(a). Files MMA11.XLS and MMA12.XLS were completed on November 18, 1996. These files were subsequently copied into file MMAUSPS.XLS on December 5, 1996.

**AFFIRMATION**

I, Richard E. Bentley, affirm that my Responses to Interrogatories USPS/MMA-T1-54 through 56 are true and correct to the best of my knowledge and belief.

12/18/96

Date

Richard Bentley

Signature

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document (1) upon the U.S. Postal Service by messenger and First-Class Mail and (2) upon the other parties requesting such service by First-Class Mail.

J. W. Plummer

Jeffrey Plummer

December 19, 1996